

Brand-Consumer Relationship And Corporate Social Responsibility: Myth Or Reality & Do Consumers Really Care?

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ABSTRACT

Companies are claiming that they are being challenged to maintain profitability and behave in socially responsible ways. The question is how much “the social responsibility” is a real pressure. Do consumers really know what the companies, producing their favorite brands, are doing? Do consumers really care? How much of an effect do the company practices have on the consumer's response to a brand? Or does the consumer-brand relationship have nothing to do with the company's practices? Does the customer's response change with the type of company practices (e.g. environmentally friendly or not, treats well or mistreats employees, relationship with suppliers, supports or doesn't support social causes, etc.)? Does such response depend on who the customer is (e.g. different demographics, loyalty to a brand, or level of awareness of societal issues, etc.)? The study attempts to answer these questions and more. The survey included a random sample of 317 adult individual consumers in the Southern California region. Results of the survey are presented within a conceptual framework hypothesizing that the relationship between the consumer and the brand can be affected differently by the company's different practices in regard to social responsibility; and by the consumer's characteristics. The paper concludes with some recommendations that may benefit interested companies, social-action groups, and policymakers.

Keywords: Corporate Social Responsibility (CSR); Consumer-Brand Relationship; Brand Loyalty; Consumer Behavior

INTRODUCTION

In today's complex world global competition is soaring; consumers are more aware, connected, and empowered by the information revolution through the Internet; economic stability is questionable; and pressing environmental and societal issues – including all types of pollution, depletion of natural resources and endangered sustainability, man-made diseases, and global poverty – are the dominant conversations. In this setting, companies are looking in every corner for a competitive advantage, and trying to balance their core mission to increase shareholders' wealth with their concern about being responsible corporate citizens – especially when the consumer, the blood line of the organization, is witnessing this and being touched by it every day. Therefore, corporate social responsibility (CSR) in the last two decades has enjoyed the lion's share of corporate executive concerns and engagement, and gained a heightened interest on the part of academic researchers to understand (a) what corporate social responsibility means, (b) what the different models are, (c) what its impact is on the performance and growth of the organization, (d) if it is or should be embedded in the core of the organization's mission, and (e) what its direct and indirect effects are on consumer attitudes and behaviors.

Kolter (2011), in his article “Reinventing Marketing to Manage the Environmental Imperative,” concluded that, “increasing numbers of people will prefer to buy from companies that care. Companies will need to add an environmental dimension to their profile. They do not want to appear indifferent to larger economic, social, and

political concerns. Word of mouth is becoming a growing force in shaping consumer decisions. Consumers can be e-mailing, blogging, and tweeting to their friends and acquaintances good things or bad things about a company. Companies are increasingly swimming in a highly transparent fishbowl.”

The purpose of this paper is to learn more about corporate social responsibility, to identify different ways companies manifest their CSR or lack of it, to gain information from the consumer about their knowledge of company practices in this regard, to discover how much their attitudes are affected based on that knowledge, and to determine if, in fact, they really do seek to know. For example, according to Glenn (2005) consumers pay quite a few dollars for a cup of coffee at retail stores, while millions of small coffee farmers are struggling since prices for coffee beans have tumbled to extraordinary lows, and the critics are blaming coffee roasters for making profits at the expense of poor farmers. However, when consumers find out, they react differently to this because it is broadly considered unethical marketing behavior. That example is a case of social responsibility in relation to suppliers; and the question that this research is trying to address is: Do consumers react the same if the issue is different or has to do with any other stakeholders (i.e., shareholders, employees, environmental concerns, social causes, etc.) on one hand, and does such a reaction change with who the consumer is (i.e., demographics, values, level of knowledge, etc.)? Specifically, the study intends to shed light on what effects the firm’s different CSR actions have on consumer attitudes and behavioral intentions regarding the brand produced by that firm. Moreover, does such an effect differ from one consumer to another? For example, what are the characteristics that may make a consumer more socially responsible, and thus use his/her purchasing power to bring about social change, or do no such differences exist among consumers? It is to be noted here that, due to the descriptive nature of the study, the attitude-behavior gap was not addressed; the study stopped at the behavioral intention of the respondents in the sample.

To summarize, in a complex world modern corporations must not only think of making profits, but also establishing good relationships with all stakeholders, and taking social responsibility into account when making business decisions, pursuing reasonable profits and social responsibility at the same time, thus producing sustainable profits for the long-term. Competition for the consumer is no longer only from direct competitors of the company in a certain industry, but in fact comes from all groups or forces of society that work collectively to shape consumer attitudes and thus her/his predisposition toward the company and its brand.

LITERATURE REVIEW

The past two decades have witnessed an immense flow of academic research in the area of corporate social responsibility (CSR) and from different points of view. This research has contributed to our understanding of CSR and its effects on consumers’ perceptions, attitudes, and behaviors in relation to the companies and the brands they produce. Parallel to these efforts, there is overwhelming evidence of corporate engagement in CSR, as manifested in the media by frequent advertising or announcements on the part of corporate executives either defending their companies or bragging about how socially responsible they are. This is not to mention the growing discontent among the public and some reporters about how scandalous companies conduct business. Therefore, this concise overview of the literature highlights some of the work that pertains to the conceptual framework presented below such as (a) the definition of CSR, (b) its components/practices, (c) whether or not these practices differ in their impact on consumer attitudes toward the brand, (d) whether consumers see these practices differently, and (e) what the characteristics are of a socially responsible consumer (e.g. demographics, value system, level of awareness, etc.).

Research efforts as to how corporate social responsibility can help the organization market itself and its products to consumers started with Robin and Reidenbach’s (1987) conceptualization of corporate social responsibility, and Varadarajan and Menon’s (1988) depiction of cause-related marketing; since then, the marketing effect of corporate social responsibility on consumers has been investigated with a focus on issues such as impact of CSR on buying behavior (Mohr & Webb, 2005; Marin et al., 2009), effect of green and sustainable products (Unruh & Ettenson, 2010), corporate citizenship (e.g., Maignan & Hult, 1999), fair trade concerns (Shaw et al., 2006), social-cause marketing (Bloom et al., 2006), and cross-cultural comparisons of consumers’ perceptions of CSR (Maignan, 2001, Singh et al., 2008). For example, in a study by the University of Illinois at Urbana-Champaign (2009), consumers would agree to paying more for locally grown apples as compared to genetically modified (GMO) apples. But then, when GMO apples were described not as GMO but apples having “reduced environmental impact” consumers began to prefer them to the former. The latter study demonstrates that different CSR issues may

affect consumers differently – a premise this research was trying to examine.

There are many debates in the academic community over whether companies should be managed using a stakeholder or a shareholder theory. Mohr, Webb, and Harris (2001, p.47), defined CSR as “a company’s commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society.” Socially responsible behavior, then, includes a broad array of actions such as (a) behaving ethically, (b) supporting the work of nonprofit organizations, (c) treating employees fairly, and (d) minimizing damage to the environment. Such definition, as they suggested, implies that a socially responsible company considers the effects of its actions on everyone, whether directly related to the company or not, and therefore, must be managed according to stakeholder theory (Mohr & Webb, 2005). In this research attempt, the stakeholder theory is adopted, and is viewed as more viable because, strategically, the firm’s long-term profitability is measured by customer satisfaction and loyalty, brand/firm associations, and the organization’s values and heritage. In addition, current public expectations, fueled by advancement in communication and information-dissemination technologies, have created a new transparent and more challenging business environment. For example, food giant Nestlé, was under pressure from environmentalists, and became the subject of a Facebook- and Twitter-based “twitstorm” when the operators of the corporation’s Facebook page took a hostile approach to critics (McCarthy, 2010). More of the hypocrisy in current CSR practices was presented by Ludescher and Mahsud (2010) in their article “Opening Pandora’s Box – Corporate Social Responsibility Exposed.” Thus, modern corporations must not only think about making profit, but also establishing good relationships with shareholders, employees, consumers, government, and suppliers, and must be concerned about environmental and societal issues even if short-term profitability is reduced. Shareholder theory, on the other hand, argues that the only responsibility of a company is to (legally) make profits for its shareholders (Smith, 2003; Kreng & Huang, 2011).

In an extensive study by Mohr and Webb (2005), respondents reported that it was difficult to use CSR in their buying decisions because they did not have enough information on what companies were doing, and they would have to work too hard to get it. The researchers concluded that most of the respondents were positive toward business in general and toward socially responsible companies. However, most respondents did not regularly use CSR as purchasing criteria; only a small group of consumers who were actively practicing socially responsible consumer behavior were willing to work to learn what companies were doing because they felt it was important, and had at least occasionally made a purchase decision based on such principles. Also, the issue that impacted consumer purchasing decisions was not only being informed or not, but also trusting the information received and the source of the information (e.g., was it from the company itself, a third party, or other consumers). According to a survey by Ipsos Mori, four out of five consumers in the U.K. believed companies pretended to be ethical just to sell more products. Consumers are getting wise, and, according to Hall (2007), companies were wasting their energy if they could not provide robust evidence to back up every claim they made. Moreover, A. N. Liveris, Chairman and CEO of The Dow Chemical Co. (2011), agreed that claims alone are not sufficient; he said “intentions are of course important, but we in business – as in any other walk of life – must be judged by our actions. Ethics, after all, are not supposed to be abstract principles. They are supposed to be doctrines for the way we behave, work, and conduct ourselves in life as well as business.”

Several studies have tried to identify the socially responsible consumer in terms of demographic characteristics. Anderson and Cunningham (1972) found that younger consumers were more socially conscious, although the effect of their education level was not clear, and income was of no relevance. Dickson (2001) found that age, income, and employment status were not discriminating factors between socially conscious consumers who attached a lot of importance to no-sweat labels on apparel and those consumers who did not. Although in the same study it was stated that no-sweat buyers were more often female, most studies concluded that ethical buying behavior was not influenced by gender (e.g., Sikula & Costa, 1994; Tsalikis & Ortiz-Buonafina, 1990). Other studies concluded that the ethical consumer was a person with a relatively high income, education, and of higher social status (Carrigan & Attalla, 2001; Roberts, 1996). McGlone et al., (2011) did not find any significant difference between effects of CSR on Millennials versus non-Millennials. One purpose of the present study was to verify if the impact of the company CSR practices varies across consumers’ demographics, loyalty, and knowledge level. Many other studies have queried consumer consciousness of ethical issues (Uusitalo & Oksanen, 2004; Carrigan & Attalla 2001; Shaw et al, 2005) and shown that consumers were uncertain concerning companies’ practices, that consumers’ behaviors were not necessarily as expected, and that the changes were manifest only in a

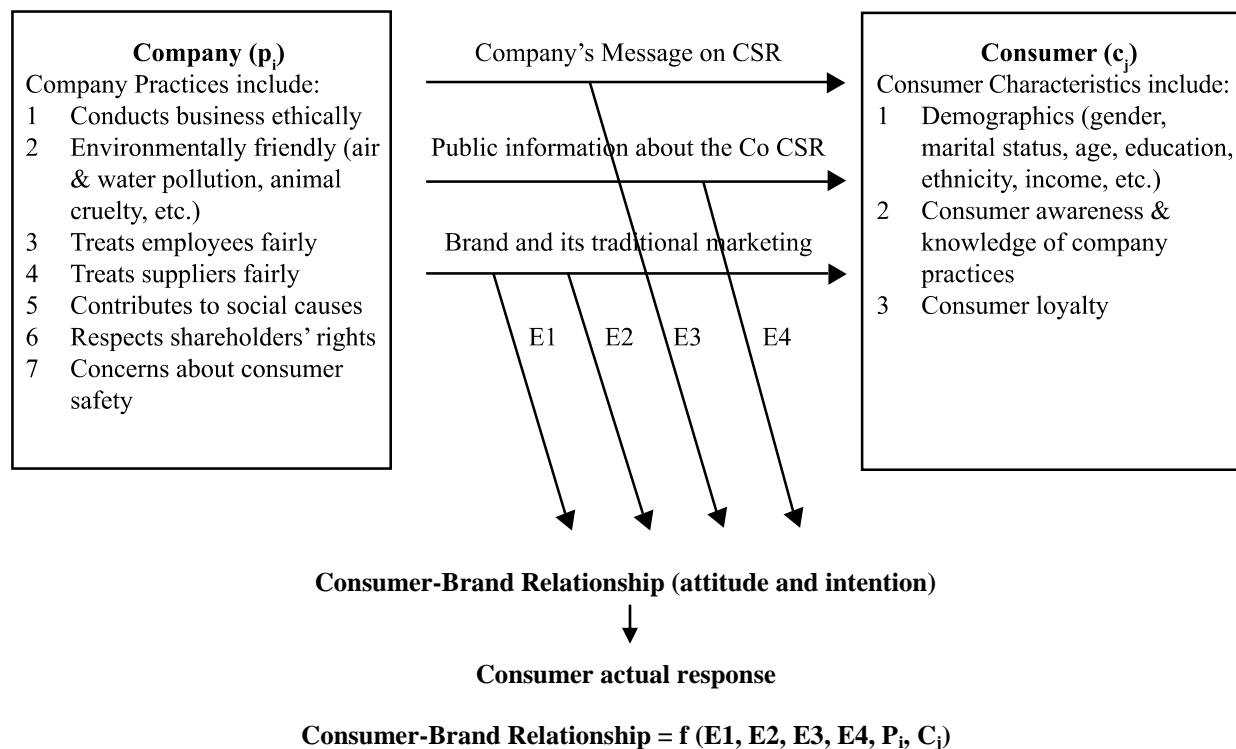
small number of consumer behaviors. When it came to the effect of consumer awareness level, Denworth (1989) found that 71% of consumers had a good impression of a corporation if they had access to positive information about it.

CONCEPTUAL FRAMEWORK

Before examining the dynamics of the conceptual framework that was used to guide this study, it is important to define its components, possible behavioral patterns, and the relationships that may exist among the components; and then hypothesize about the effects of behaviors and responses. The first component is the company itself – defined as an organization, the company's responsibility, legally, is to make profits for its shareholders, while acting in a socially responsible way in regard to its stakeholders. Stakeholders have a major impact on the organization's performance and growth and they include its shareholders, employees, suppliers, the environment, the community, the society at large, and, most importantly, the customers. These customers – the second components in this framework – have different demographics, psychographics, and predispositions that collectively determine their response to and relationship with organization and the brands it offers. The third component is the brand itself, its attributes and marketing support.

The relationships that exist in this conceptual framework include: (a) the company offering the consumer a brand to purchase supported by its traditional marketing efforts (nestled in this relationship are the brand and its attributes, appeal to the consumer's needs and wants, and the level and creativity of the brand marketing efforts); (b) the company message about its CSR involvement and practices with regards to all its stakeholders; and (c) the public's awareness of the company's CSR from multiple sources other than the company itself. It is hypothesized that the company and its CSR behavior, through these relationships, affect the public perception of the company, and directly or indirectly affect, in different ways, the consumer relationship with the brand produced by the company.

Diagram 1 – Conceptual Framework



The conceptual framework used in this study assumes that the consumer-brand relationship is a function of the effect of the brand itself (E1), the effect of the brand traditional marketing (E2), the company's claims about its various CSR activities (E3), and the public/market information about the company CSR (E4). However, the framework also assumes that these effects may change with the type/nature of the company practice (P_i , where $i = 1$ to n), and the consumer characteristics (C_j , where j represent the consumer demographic variables, consumer knowledge about the company, and the consumer loyalty to the brand).

Guided by this framework, the research study tried to answer some of these questions: Are the attitudes or behavioral intentions of customers toward the brand affected by company practices? Does this effect differ with different types of practices (in regard to the various stakeholders)? Does the consumer's knowledge matter, and do consumers seek to know? Does the consumer believe that she/he can change company practices? Does the consumer's loyalty to a brand blind her/him or bias judgment about the company's practices? Does the consumer's knowledge of the company's practices affect his loyalty to the brand? Does the consumer use company information in brand purchase decision-making? Are consumers willing to pay more for a brand produced by a company with a good record of CSR? Do these effects on consumers vary with consumer characteristics (e.g., demographics – age, education, ethnicity, etc.; awareness level, loyalty to the brand)?

The intent of the survey research was to answer these questions and make some recommendation to companies, watch-dog organizations, government, and consumers as to what their role should be in order to maintain long-term profitability for the company and safeguard the welfare of society.

It is important to note that due to the nature of this research study, it does not address the issue of how the formulated attitudes/behavioral intentions may affect the actual behavior of the consumer. Consumer behavior literature is rich with studies showing attitude and intentions as bases for actual purchase behavior, but to a lesser degree when it comes to attitudes/intentions formulated based on the CSR of the company producing the brand. It is an important issue for further research.

METHODOLOGY

This research study started with exploratory research to determine the dimensionality of the issue under consideration, including a literature review and two focus group sessions; both research activities assisted in developing the questionnaire, which was used to collect the primary data.

The first part of the questionnaire included a few questions to establish the level of brand loyalty on the part of the respondents, and what would make them switch to another brand in regard to the practices of the company producing their favorite brand. Then respondents were asked about the importance of different environmental and societal issues to them, their level of knowledge/awareness of the companies' practices, if they would be willing to pay more for brands produced by socially responsible companies, the role of government in this matter, their power as consumers, and how much the practices of the companies affect their relationships with the brands they purchase.

The second part of the questionnaire consisted of a set of 33 attitudinal statements (applying a five-point Likert scale from 1 strongly disagree to 5 strongly agree) to check for response consistency, and solicit the attitude of respondents to a variety of core and related issues to corporate social responsibility, their attitudes toward socially responsible companies/brands, and about their behavioral intention/response regarding brands if the companies producing these brands acted in socially responsible or irresponsible ways. The last section of the questionnaire included respondents' classifying information questions, mainly demographic information. It is to be noted that most of the questions in the questionnaire were guided by, and designed to test, the conceptual framework presented in this paper regarding consumer-brand relationship and corporate social responsibility.

The research was conducted in the Inland-Empire area of Greater Los Angeles, Southern California. 368 consumers were intercepted in malls, shopping plazas, and major grocery stores. Randomization was implemented in the selection of places and time of day. Also, randomly, every third person was asked to complete the self-administered questionnaire, and offered an incentive of \$5 in cash for their time. Participants were informed that the research was regarding consumer behaviors, attitudes, and intentions towards social issues related to the brands they

purchase or know about; and completion of the questionnaire was voluntary and that they could stop at any time. 317 questionnaires were completed adequately. Data was analyzed using SPSS. Though this sample clearly could be larger and may raise some concerns of external soundness because of the specificity of the area from where the information was collected, it is an answer from random consumers and thus adequate to make some generalization.

RESULTS ANALYSIS

Sample Demographics: Respondents were 51% males, 48.9% females. 76.85% were born in the U.S. and 23.15% were born outside the U.S. Their marital status distribution was 46.3% single, 40.0 % married, and 13.6% divorced, widowed, or separated. 43.5% of the respondents reported children living at home. The size of the household: 33.1% have 1-2 individuals in their household, 56.8% reported 3-5 members. The age distribution of respondents was: 29.7% (18-25 years old), 27.1% (26-35 years old), 18.9% (36-45 years old), 12.6% (46 -55 years old), 11.7% (56 and older). Education: respondents tended to be highly educated, with 26.4% having completed graduate studies and or postgraduate, 21.7% having completed a 4-year college, 32.5% had some college or technical school education, and 19.4% completed high school or lower. Types of work: respondents work in many fields dominated by education (19.1%), medical (14.5%), retailing (12.1%), financial sector (6.3%), government (6.7%). The breakdown of ethnicity was as follows: Caucasian (38.8%), Hispanic/Latino Origin (26.5%), African American (7.9%), Asian/Pacific Islanders (14.8%), Native American (1.3%), and other (8.8%); this does not necessarily represent the national ethnic distribution. Income: 15.3% make under \$25,000 per year, 20.0% in the \$25,001 to \$50,000 bracket, 21.0% make \$50,001 to \$75,000, 17.7% make \$75,001 to \$100,000, 16.0% make \$100,001 to \$150,000, and 10.3% make over \$150,000 per year.

It is important to note that the respondents tend to be younger and with higher education than the average because younger persons were more interested in the issue, and thus inclined to answer the questionnaire, and the Inland Empire has four universities within its boundaries.

At the outset of the questionnaire, respondents were asked if they were loyal to any brand(s) or if they had a favorite store they shopped at. Results revealed that 68.1% of respondents stated that they were loyal, and 29.3% of them were not loyal to any brand. For loyalty to a store, almost the same percentages were reported. To verify this via different measures, respondents were asked about the intensity of their loyalty, would they go to another store if they don't find their favorite brand in the store they shop regularly, and how many miles they were willing to drive to get their favorite brand of grocery and food, clothes, furniture and appliances. Responses were consistent across product categories and the majority of respondents were willing to go to another store and drive many miles to get their favorite brands. About 15% were willing to go to the extreme to get their favorite brand.

Respondents also were asked about the reasons for purchasing their favorite brand and the reasons for purchasing at their favorite stores. Results for purchasing their favorite brand are presented in Table 1 below: Quality and price dominated 1st and 2nd rank of the responses, and a very small percentage of respondents reported company practices along social issues (3.5%) and environmental issues (5.7%). Almost the same percentages applied for the 1st and 2nd ranks for the reasons they shopped in their favorite store (quality of products and overall prices), and the lowest percentages were given for company practices in regard to social and environmental issues.

Table 1 – Ranking of Reasons for Purchasing Favorite Brand

| Reason for purchasing Favorite Brand/Rank | Ranked 1st | 2nd | 3rd | 4 th | 5 th | 6th | 7 th |
|---|------------|------|------|-----------------|-----------------|------|-----------------|
| Quality | 54.2% | 24.0 | 12.2 | 3.8 | 1.4 | 2.4 | 2.1 |
| Price | 27.3% | 32.5 | 18.7 | 10.7 | 4.5 | 1.4 | 4.8 |
| Convenience | 12.5% | 9.1 | 21.6 | 19.9 | 16.0 | 4.5 | 16.4 |
| Brand Image | 10.9% | 11.6 | 16.8 | 16.8 | 20.0 | 11.6 | 12.3 |
| Brand specific attributes | 10.9% | 10.2 | 16.5 | 22.5 | 18.2 | 10.5 | 11.2 |
| Company's practices – Environ. Issues | 5.7% | 3.2 | 3.2 | 12.7 | 11.3 | 29.0 | 34.6 |
| Company's practices – Social Issues | 3.5% | 4.9 | 7.4 | 7.8 | 20.5 | 32.2 | 23.7 |

However, when respondents were asked to what extent they would switch to another brand if they found out that the company producing their favorite brand participated in any of the actions in Table 2 below. The responses were more positive, with higher percentages expressing a willingness to switch immediately, with varying percentages as per the issue involved (see Table 2), and to a lesser degree when it came to unfair treatment of shareholders and mistreatment of suppliers.

Table 2 – Switching Behavior if Aware of Practices by Company Producing their Favorite Brand

| Company Practice | Switch Immediately | Switch /not after investigate | Will not switch |
|---|--------------------|-------------------------------|-----------------|
| Animal Cruelty in their product testing | 51.9% | 35.7% | 12.3% |
| Pollution of Water | 47.7% | 44.4% | 7.8% |
| Environmentally harmful toxins into air | 44.6% | 47.2% | 8.1% |
| Mistreatment of Employees | 40.1% | 47.9% | 12.1% |
| Fraudulent financial reporting | 37.9% | 45.1% | 17.0% |
| Irresponsible Social Behavior | 35.2% | 51.6% | 13.2% |
| Mistreatment of Suppliers | 31.4% | 51.0% | 17.6% |
| Unfair to their Shareholders | 24.6% | 54.4% | 21.0% |

Table 3 below, presented the results of respondents' answers to ranking their level of concern regarding company practices: consumer safety and air pollution were high on the list and mistreatment of suppliers was at the bottom.

Table 3 – Ranking of Importance of Company Practices

| Company Practice/Rank its Importance | Ranked 1st | 2nd | 3rd | 4th | 5 th | 6th | 7 th |
|--------------------------------------|------------|------|------|------|-----------------|------|-----------------|
| Consumer Safety | 31.8% | 12.8 | 14.1 | 11.8 | 11.5 | 13.1 | 4.9 |
| Air Pollution | 27.2% | 20.7 | 16.4 | 13.4 | 10.5 | 6.2 | 5.6 |
| Animal Cruelty | 20.7% | 11.5 | 15.4 | 15.1 | 16.1 | 7.5 | 13.8 |
| Mistreatment of Employees | 19.8% | 11.9 | 13.5 | 15.5 | 16.5 | 16.2 | 6.6 |
| Contribution to Good Causes | 17.5% | 11.6 | 6.0 | 9.9 | 11.9 | 11.6 | 31.5 |
| Water Pollution | 16.8% | 21.1 | 22.0 | 13.8 | 11.8 | 9.9 | 4.6 |
| Suppliers Mistreatment | 6.9% | 10.2 | 8.9 | 10.6 | 14.5 | 23.4 | 25.4 |

As for the respondents' level of knowledge about the business practices of the companies producing their favorite brands, they reported the following: very knowledgeable (17.3%), somewhat knowledgeable (48.6%), and not knowledgeable (34.2%). As for their interest in knowing more about company practices regarding societal issues, 56.8% expressed interest in knowing more and 43.2% were not interested in more information about company practices.

Table 4, below, depicts the percentage of price increase respondents said they would be willing to pay for a brand produced by a company that practices CSR. It is encouraging to know that more than one-third of respondents (on average 39.2%) are willing to pay 5-10% more, about 16% are willing to pay as much as 15-20% more, and about 13% are willing to pay an increase of 25% or more.

Table 4 – Percentage of Price Increase Willing to Pay for Different Company Practices

| Company Practice | 0% increase | 5-10% | 15-20% | 25-30% | 30 -40% or more |
|--------------------------------|-------------|-------|--------|--------|-----------------|
| Is environmentally friendly | 21.5% | 43.2% | 18.5% | 8.9% | 7.6% |
| Conduct its business ethically | 32.1% | 43.0% | 13.8% | 6.1% | 5.1% |
| Contributes to social causes | 22.8% | 39.8% | 16.7% | 10.9% | 9.6% |
| Treats its suppliers fairly | 35.0% | 38.5% | 15.9% | 4.5% | 6.2% |
| Treats its employees fairly | 30.0% | 37.1% | 21.0% | 5.5% | 6.5% |
| Respects Shareholders' rights | 37.3% | 33.7% | 11.9% | 8.0% | 7.0% |

When respondents were asked if they would buy a product with an environmentally-friendly package even if they did not like the brand, 39.2% said yes and 60.7% said no.

When consumers were asked to what extent (on a scale from 1 “not at all” to 7 “major difference”) they could make a difference in a company’s behavior, the mean of their responses was: Mean = 4.74, St. Dev. = 1.816, with 39.3% in the top boxes toward the “major differences.”

When asked to rate on a scale from 1 to 7 (with 1 being very poorly, and 7 extremely well) how well they believed the government regulates unacceptable practices by companies, 37.4% reported very poorly and 10.8% reported extremely well (with a mean of 3.31); and when asked how well they believed the government implements the regulations, 34.9% reported very poorly, and 10.4% reported extremely well (with a mean of 3.37). When asked if the government should interfere in a company’s practices, 29.1% said the government should interfere in all practices, and only 18.3% said the government should not interfere at all (with a mean of 4.33 on a 7-point scale). So, although respondents were not impressed with the government regulations or implementation of the regulations, a sizeable percentage believed that government should interfere in all company practices.

On the question that asked if they believed that consumers’ purchasing behavior could affect a company’s practices (on a 7-point scale as 1 no effect, and 7 great effect), only 7.7% reported no effect and 54.9% reported great effect (with a mean of 5.34). This shows that consumers believe that they can make a difference. Again, on a scale from 1 (not at all) to 7 (very much so), respondents were asked if a company were to inform them as a consumer about its “good practices” across social, ethical, environmental, humane, etc. practices, to what extent would they believe the company, purchase its brands, inform others about the company, pay more for the brands, or exert extra effort to buy its brands? The results are presented in Table 5. It is important to note that respondents were not willing to pay more for the company’s brands, but were willing to inform others.

Table 5 – Respondents’ Intention if Informed of Company’s Good Practices

| Consumer response to Co. Info | %Very much so | %Not at all | Mean | Standard Deviation |
|--------------------------------------|----------------------|--------------------|-------------|---------------------------|
| Inform others | 26.5% | 16.8% | 4.30 | 1.750 |
| Purchase their brand | 18.8% | 14.6% | 4.15 | 1.533 |
| Exert Effort to buy the brand | 17.1% | 25.4% | 3.80 | 1.994 |
| Pay more for their brand | 14.5% | 31.4% | 3.54 | 1.811 |
| Believe them | 14.4% | 18.2% | 4.00 | 1.588 |

Regarding the consumer’s favorite brand and to what extent they cared about the company’s unacceptable practices outside the United States, 37.6% reported that they cared very much, and 15.9% reported that they did not care at all (Mean 4.65, scale 1 “I don’t care,” to 7 “I extremely care”).

Finally, respondents expressed their agreement or disagreement on 33 attitudinal statements on a five-point Likert scale from strongly agree, agree, indifferent, disagree, to strongly disagree. The purpose of these statements was to check for consistency in respondents’ answers, and to reconfirm respondents’ opinions on certain matters. Some of these attitudinal statements (28) are reported in Table 6:

According to the findings, 72.4% of respondents reported that they are aware of most social issues facing our society today, but only 45% are aware of business practices of the company producing their favorite brand. Also, 33.5% investigate the practices of the company when purchasing certain brands. Majority of respondent (68.8%) would like to see companies make efforts for a cleaner environment even if it cuts through these companies’ profits. Respondents consider themselves as socially conscious and responsible (58.9%), and willing to avoid stores/brands with unethical practices, but in the same time, only 39.4% are actively seeking out products from companies that are socially responsible. The gap between consumers’ intentions and attitudes is clear in this study.

Table 6 – Responses to Attitudinal Statements (Mean, Strongly Agree/Agree, Strongly Disagree/Disagree)

| Attitudinal Statement | Mean | SA/A | SD/D |
|---|------|-------|-------|
| I am aware of the business practices of the company producing my favorite brand | 3.15 | 45.6% | 30.3% |
| I am aware of most of social issues facing our society today | 3.83 | 72.4% | 11.0% |
| When I purchase a certain brand, I investigate the business practices of the company | 2.87 | 33.5% | 41.5% |
| Business practices are an integral part of the company's overall concern about the society | 3.49 | 48.4% | 16.2% |
| I care about how a company deals with its shareholders | 3.16 | 37.2% | 25.3% |
| I will not invest in a company with questionable business practices | 3.84 | 68.1% | 11.1% |
| I care about how an organization treats their employees | 3.70 | 67.4% | 12.4% |
| I am willing to work for less for a company that allows me to contribute to a greater purpose | 3.04 | 43.0% | 33.0% |
| Bad treatment of employees by a company reflects badly on the brand | 3.86 | 70.8% | 12.5% |
| I care about how a company handles dangerous by-products | 3.95 | 73.3% | 8.6% |
| I care about how a company deals with its suppliers of raw materials | 3.63 | 69.4% | 11.6% |
| I care about a company paying fair prices for their raw material | 3.64 | 57.4% | 9.9% |
| I favor a company that puts consumers' safety as a priority | 4.09 | 78.6% | 8.0% |
| Consumers prefer companies that make a positive impact on the world | 3.94 | 71.8% | 8.0% |
| A brand associated with a societal cause or charity should be favored | 3.58 | 55.4% | 12.8% |
| I avoid buying products from companies that harm society | 3.75 | 62.2% | 8.0% |
| I would switch away from my favorite brand if the company is not socially responsible | 3.44 | 51.1% | 19.8% |
| I don't care what the company is doing. My relationship is with the brand | 2.60 | 24.4% | 53.2% |
| When purchasing, I favor a company that it is environmentally responsible | 3.73 | 65.9% | 9.4% |
| I actively recycle in my home | 4.05 | 79.5% | 9.6% |
| I am more inclined to purchase "green" products even if they are more expensive | 3.26 | 44.7% | 24.4% |
| Companies should make efforts for a cleaner environment even it takes away from their profits | 3.84 | 68.8% | 8.7% |
| I would not buy a brand if its development/production affected animals adversely | 3.83 | 69.2% | 11.3% |
| The moral values of a company are more important to me than the quality of their brands | 3.27 | 44.0% | 25.9% |
| I actively seek out products from companies that help society and are responsible about their practices | 3.35 | 39.4% | 15.7% |
| For a special occasion, I would go with my favorite designer regardless of ethics | 3.13 | 40.0% | 31.9% |
| I consider myself a socially conscious and responsible consumer | 3.57 | 58.9% | 15.7% |
| I avoid stores/brands with a bad reputation in ethics | 3.69 | 59.3% | 9.7% |

Most of the variables in the questionnaire were cross-tabulated with the respondents classifying variables (i.e., demographics, level of knowledge, and brand loyal versus non-loyal) to check for any significant differences. Results were not as hypothesized except in the following few cases: Single respondents, families with small children (6 and under), and the more educated gave more importance in their purchasing decision to price and if the company practice had to do with water pollution (in all cases, $p = .000$). Also they were more willing to switch away from their brand if the issue had to do with water pollution. Respondents with children over 18 years living at home were gave more importance than others to the issue of mistreatment of employees by the company. Hispanics and Asians showed significantly more importance to brand image in their purchasing decisions. Married and single respondents showed significantly more affinity than those in other categories, to companies with environmentally-friendly practices. Loyal customers to a store versus non-loyal showed a significant difference in their belief that they could affect company practices. Educated respondents showed significant difference from others, giving more importance to consumer safety, dangerous by-products, and environment pollution even at the expense of lower profit for the company.

The most important finding in this study was the significant difference between those who were knowledgeable and interested in knowing on one side, and those who were unknowledgeable on the other. This was true regarding almost all types of CSR practices by companies and across all demographics. Knowledgeable consumers showed intention to use CSR as an important factor in their purchasing decisions. Simply put, knowledgeable people were more willing to support and pay more for an environmentally- or socially-friendly brand, switch away from a brand if the practices of the company producing it are not socially responsible, and willing to exert more pressure on the company to change its practices.

CONCLUSION

Summing up, in a globalized business world with dramatically increasing connectivity among consumers and accessibility of information, companies cannot put their head in the sand and say nobody is seeing what I am doing. On the contrary, they should show their good deeds, and more importantly need to have a body of evidence of their appropriate handling of what could be harmful to the environment and society, and their efforts to reduce such harm. The only two variables that show a significant difference among respondents in this research are their level of knowledge and their interest to know, not their demographic characteristics or their loyalty to a brand. Therefore, in an age with information at the finger-tip of every consumer (or at least heading there), companies should be transparent, irrespective of the target market, because the significant variables map themselves over all demographics.

Since price and quality prevailed as major factors affecting purchase decisions, companies in today's global competitive environment should maintain their commitment to quality and reasonable prices, but ingrain CSR into their strategic planning. Companies that evidence societal responsibility have been rewarded for their efforts and behaviors – positive word of mouth among consumers, stronger market position, and thus superior financial performance, as compared to companies with less responsible practices. This is a real competitive advantage.

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